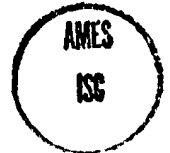


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*LCS Registry*DCI/ICS-87-0782  
13 February 1987*note 19-SR*

MEMORANDUM FOR: Acting Director of Central Intelligence

VIA: Director, Intelligence Community Staff  
Deputy Director, Intelligence Community StaffFROM:   
Director, Community Counterintelligence and Security  
Countermeasures Staff/Intelligence Community Staff

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SUBJECT: Views on HPSCI Counterintelligence and Security  
Countermeasures RecommendationsREFERENCE: HPSCI Report, "United States Counterintelligence and  
Security Concerns - 1986" dated February 1987

1. The attached annotated HPSCI CI/SCM recommendations are provided FYI in response to your telephonic questions. The annotations are uncoordinated CCISCMS views that:

- a. give a subjective judgment on the validity of the several HPSCI recommendations,
- b. comment on the uniqueness of the recommendations, and
- c. provide a judgment on whether meeting the recommendations would require a new initiative.

2. While the HPSCI report is contentious, it is close to the mark. It does not raise any new issues, but the recommendation on need-to-know has no close parallel in current relevant documents. Implementation of the President's report, the Stilwell (DoD) report, the SSCI report, and/or several NSDDs would respond generally to the HPSCI recommendations.

3. CCISCMS will keep the HPSCI recommendations in mind as the Community proceeds to respond to Presidential direction to the DCI to report twice yearly on implementation of the President's report. Data will be maintained to permit responses to HPSCI queries on disposition of its recommendations.

4. The HPSCI recommendations, like those in the other relevant documents, can be met only if the administration is willing to devote significant funds

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to the process and, of equal and perhaps greater importance, is willing to actively support good security practices regardless of the inconvenience or inefficiency that results from such support. The NFIC bureaucracy has not yet, in my view, displayed that support.

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Attachment:  
a/s



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D/CCISCMS/ICS

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HPSCI RECOMMENDATIONS--  
COUNTERINTELLIGENCE AND SECURITY COUNTERMEASURES

RECOMMENDATION 1: US intelligence agencies should undertake a coordinated review of their hiring practices.

COMMENT: a. Valid.

b. Already identified as problem in Stilwell report, SSCI report, President's report, and NSDD 84.

c. No new action required. ("New" meaning "initiate in response to HPSCI report.")

RECOMMENDATION 2: The President should authorize an independent group of experts outside the Intelligence Community to examine thoroughly the damage to US intelligence capabilities resulting from recent espionage cases and to urge needed adjustment of US intelligence collection techniques.

COMMENT: a. Invalid. In June 1985, the SSCI, with executive branch support, defeated a proposal by Senator Byrd to establish a National Commission on Security and Espionage. In lieu thereof, Senators Durenberger and Leahy prepared the SSCI report on security and counterintelligence, and we prepared the companion piece to that, the President's report.

b. Already identified in numerous documents.

c. No new action required.

RECOMMENDATION 3: All US intelligence agencies should be required to report as appropriate to the Director of the Federal Bureau of Investigation or the Director of Central Intelligence information they possess which raises a suspicion of possible espionage.

COMMENT: a. Valid. Problem is in definition of "suspicion."

b. Already identified in multiple documents and required by extant law.

c. No new action required.

RECOMMENDATION 4: US intelligence agencies should institute a rigorous need-to-know policy to govern access to classified information and back that policy by disciplinary action against employees who breach that policy.

COMMENT:

a. Valid.

b. Unique in current series of CI/SCM documents.

c. Some action may be required. The need-to-know principle has received continuous lip service, and all Intelligence Community organizations profess compliance. The reality is, however, that the definition of "need" has continuously expanded. Concepts responsible for that expansion include, for example:

- All-source analysis;
- Tactical fusion centers;
- Coordinated or (forgive me) synergistic interactive cross-discipline collection system requirements;
- Congressional staffers should have access to classified material;
- Broad perspective training courses.

Need-to-know attitudes are a matter for NFIC management and fall into the "efficiency vs security" box of paradoxes. You may wish to discuss need-to-know, perhaps at an off-site or at an NSPG meeting, but shrinking the definition of "need" will be a quixotic task. (Think what it would do to OTA alone!)

RECOMMENDATION 5: The Director of Central Intelligence should consider establishing a system for dissemination of intelligence with minimal source identification, restricting full knowledge of sources only to those who absolutely need to know.

COMMENT:

a. Valid.

b. Is existing policy.

c. Managerial attention to implementation is constantly necessary, but a new action is not required.

RECOMMENDATION 6: The executive branch and the Congress should work to standardize, expedite, and adequately fund the security clearance process. The Secretary of Defense, in consultation with the Director of Central Intelligence, should examine whether the Defense Investigative Service (DIS) can serve adequately the personnel security background investigations and whether they should contract with private firms for such investigations. The Congress should carefully examine the budget request for DIA (sic) within the FY 1988 Defense budget review process.

COMMENT: a. Valid.

b. Identified in President's report, SSCI report, Stilwell report, NSDD 84, NSDD 196, etc.

c. No new action required; however, budgetary support from Congress is necessary to complete actions under Stilwell and Presidential reports.

RECOMMENDATION 7: Background investigations should focus more on the financial status of the subjects of the investigation.

COMMENT: a. Valid.

b. Identified in President's report, SSCI report, Stilwell report, and other related documents.

c. No new action required, but manpower required. The DCI signed a supporting memorandum to HPSCI on 5 December 1986 (ER 86-5717).

RECOMMENDATION 8: Periodic reinvestigation of personnel with access to sensitive compartmented information, i.e., the nation's most sensitive intelligence secrets, should be given priority equal to that of initial investigations.

COMMENT: a. Valid.

b. Identified in Stilwell report, SSCI report, and related documents.

c. No new action required, but manpower required.

RECOMMENDATION 9: Legal and administrative mechanisms should be established to ensure that agencies which possess information of security relevance on an employee or applicant for employment of another agency share that information with that agency.

COMMENT: a. Valid.

b. At least implicit in President's report and SSCI report.

c. New actions probably required to address constitutional tort liability for passage of derogatory information. Work needed in this area; OGC asked to examine recommendation.

RECOMMENDATION 10: The National Security Council, the Attorney General, the Secretary of Defense, and the Director of Central Intelligence should review jointly executive branch policy with respect to former government personnel and personnel of government contractors who had access to sensitive compartmented information and consider changes, such as requiring exit interviews and a separation non-disclosure agreement, to deter post-employment unauthorized disclosures of classified information.

COMMENT:

- a. Valid
- b. At least implicit in President's report, SSCI report, and Stilwell report.
- c. New action not required.

RECOMMENDATION 11: The leadership of the House of Representatives should examine the feasibility of establishing uniform security procedures for House committees, offices, and organizations which meet or exceed executive branch standards.

COMMENT:

- a. Valid.
- b. Similar finding in SSCI report.
- c. Action required in the CONGRESS.

RECOMMENDATION 12: The Federal Bureau of Investigation should establish a program of rewards for information leading to the arrest of individuals for espionage.

COMMENT:

- a. Possibly valid.
- b. President's report, SSCI report, and CI strategy paper call for more generic improvements in CI efforts.
- c. No new action required. FBI does some of this already and can expand the practice as useful.

RECOMMENDATION 13: Strict, rigidly applied communications and computer security practices should be established within the US Government.

COMMENT:

- a. Valid.
- b. NSDD 145 creating NTISSC and President's report deal with this expensive and very complex area.
- c. No new action required, but budgetary support required.

RECOMMENDATION 14: The Attorney General, the Director of the Federal Bureau of Investigation, and the Director of Central Intelligence should consider realigning some FBI surveillance resources to high priority intelligence targets. The Congress should carefully weigh the amount of resources requested for this purposes in the FY 1988 budget review process.

COMMENT:

- a. Valid.
- b. Generic problem discussed in President's report, SSCI report, and CI strategy paper.
- c. No new action required.